

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-QSB/A**

(Mark One)

☒ QUARTERLY REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001.

☐ TRANSACTION REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from.....to.....

Commission file number: 1-15597

**LANDSTAR, INC.**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of Incorporation or  
organization)

86-0914051  
(I.R.S. Employer Identification No.)

15825 N. 71<sup>st</sup> Street, Suite 205  
Scottsdale, Arizona 85254  
(480) 596-8400

(Address and telephone number of registrant's principal executive offices and  
principal place of business)

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports, or (2) has been subject to such filing requirements for the past 90 days.

Yes ☒

No ☐

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date. 48,505,824 shares of common, \$.001 par value as of October 31, 2001.

**LANDSTAR, INC.**  
**FORM 10-QSB QUARTERLY REPORT**

**Table of Contents**

	<b><u>Page No.</u></b>
 <b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Condensed Consolidated Financial Statements	
Condensed Consolidated Balance Sheets at September 30, 2001 (unaudited) and December 31, 2000	3
Condensed Consolidated Statements of Operations and Comprehensive Loss For the Three and Nine Months Ended September 30, 2001 and 2000 (unaudited)	4
Condensed Consolidated Statements of Cash Flows For the Nine Months Ended September 30, 2001 and 2000 (unaudited)	5
Notes to Condensed Consolidated Financial Statements (unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7
 <b>PART II. OTHER INFORMATION</b>	
Item 1. Legal Proceedings.	8
Item 2. Changes in Securities.	8
Item 3. Defaults Upon Senior Securities.	8
Item 4. Submission of Matters to a Vote of Security Holders.	9
Item 5. Other Information.	9
Item 6(a). Exhibits.	9
Item 6(b). Reports on Form 8-K.	9
Signatures.	9

**LANDSTAR, INC.**  
**PART I. FINANCIAL INFORMATION**  
**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	(unaudited) <u>September 30, 2001</u> As Adjusted (Note 2)	<u>December 31, 2000</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,859	\$ 29,542
Accounts receivable	37,204	10,371
Prepaid and other assets	<u>398,028</u>	<u>5,942</u>
Total current assets	437,091	45,855
Property and equipment, net of accumulated depreciation	763,753	730,539
Other Assets:		
Technology rights, net of accumulated amortization of \$286,838 and \$235,380 at September 30, 2001 and December 31, 2000, respectively	<u>598,166</u>	<u>649,624</u>
Total assets	<u>\$ 1,799,010</u>	<u>\$ 1,426,018</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities:		
Note payable	\$ 225,807	\$ -
Accounts payable and accrued expenses	637,329	842,416
Due to PolyTek shareholder	2,536,948	-
Advances from related parties	<u>28,788</u>	<u>250,950</u>
Total current liabilities	3,428,872	1,093,366
Commitments and contingencies		
Stockholders' Equity (Deficit):		
Preferred stock, \$.01 par value; authorized 150,000,000 shares; no shares issued	-	-
Common stock, \$.001 par value; authorized, 500,000,000 shares; issued and outstanding 48,505,824 and 44,547,524 at September 30, 2001 and December 31, 2000, respectively	48,505	44,547
Additional paid-in capital	6,949,031	6,029,499
Common stock subscriptions (600,000 and 636,000 shares, respectively)	150,000	117,000
Accumulated deficit	<u>(8,777,398)</u>	<u>(5,858,394)</u>
Total stockholders' equity (deficit)	<u>(1,629,862)</u>	<u>332,652</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 1,799,010</u>	<u>\$ 1,426,018</u>

*See notes to condensed consolidated financial statement*

**LANDSTAR, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**(unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<b>As Adjusted</b>		<b>As Adjusted</b>	
	<b>(Note 2)</b>		<b>(Note 2)</b>	
Revenue – management fees	\$330,000	\$ -	\$990,000	\$ -
Expenses:				
Research and development	13,098	23,294	96,445	89,174
General and administrative	1,227,894	468,924	3,691,363	1,267,066
Depreciation and amortization	47,321	63,000	118,950	189,000
Interest, net	<u>1,591</u>	<u>1,712</u>	<u>2,246</u>	<u>16,728</u>
Total expenses	<u>1,289,904</u>	<u>556,930</u>	<u>3,909,004</u>	<u>1,561,968</u>
Net loss	(959,904)	(556,930)	(2,919,004)	(1,561,968)
Translation adjustment	<u>-</u>	<u>-</u>	<u>1,186</u>	<u>-</u>
Comprehensive loss	<u>\$(959,904)</u>	<u>\$(556,930)</u>	<u>\$(2,917,818)</u>	<u>\$(1,561,968)</u>
Net loss per share, basic and diluted	<u>\$(0.02)</u>	<u>\$(0.01)</u>	<u>\$(0.06)</u>	<u>\$(0.04)</u>
Weighted average common shares outstanding, basic and diluted	<u>47,700,824</u>	<u>40,532,000</u>	<u>45,829,031</u>	<u>39,962,000</u>

*See notes to condensed consolidated financial statements.*

**LANDSTAR, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	For the nine months ended September 30,	
	<u>2001</u>	<u>2000</u>
	<b>As Adjusted</b>	
	<b>(Note 2)</b>	
Cash flows from operating activities		
Net loss	\$(2,919,004)	\$ (1,561,968)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	118,950	189,000
Shares issued for wages	175,000	-
Write-off of business acquired for note payable	263,307	-
Shares issued for services and acquisition	255,375	-
Other	8,456	-
(Increase) decrease in operating assets:		
Trade receivables	(26,834)	-
Prepaid expenses and other current assets	(392,086)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>(205,087)</u>	<u>(46,611)</u>
Net cash used in operating activities	(2,721,923)	(1,419,579)
Cash flows from investing activities:		
Capital expenditures	<u>(108,371)</u>	<u>(251,309)</u>
Net cash used in investing activities	(108,371)	(251,309)
Cash flows from financing activities:		
Payments made on note payable	(37,500)	-
Advances from PolyTek shareholder, net of payments applied to managed company	2,536,948	-
Proceeds from issuance of common stock and subscriptions	525,325	1,355,347
Net advances (payments) to/from related parties	<u>(222,162)</u>	<u>310,959</u>
Net cash provided by investing activities	<u>2,802,611</u>	<u>1,666,306</u>
Net decrease in cash and cash equivalents	(27,683)	(4,582)
Cash and cash equivalents, beginning of period	<u>29,542</u>	<u>10,042</u>
Cash and cash equivalents, end of period	\$ <u>1,859</u>	\$ <u>5,460</u>

*See notes to condensed consolidated financial statements.*

**LANDSTAR, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. BASIS OF PRESENTATION**

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000.

The unaudited condensed consolidated financial statements included herein reflect all adjustments (which include only normal recurring adjustments), which are, in the opinion of management, necessary to state fairly the results for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for any subsequent interim period or for the year ending December 31, 2001.

This is an amended report for the period presented and replaces the 10-QSB filed with the Securities and Exchange Commission on November 14, 2001.

**2. ACQUISITION OF POLYTEK RUBBER & RECYCLING, INC.**

The Company had no revenues from operations and was considered to be in the development stage through December 31, 2000. Effective January 8, 2001, the Company entered into a management agreement with the owner of PolyTek Rubber & Recycling, Inc. (PolyTek) to manage the company until a purchase agreement can be finalized. In February 2002, a purchase agreement was finalized. Starting January 8, 2001, the Company was paid \$110,000 per month to manage PolyTek. During the nine months ended September 30, 2001, the Company received advances from the owner of PolyTek in excess of the amounts applied to PolyTek, in the amount of \$2,536,948. During 2001, the Company erroneously consolidated the results of PolyTek with the Company in its financial statements. This report is to amend the previously filed 10-QSB filed for the three months and nine months ended September 30, 2001. The effect of this change on major financial statement captions previously reported is:

	<u>As Previously Reported</u>		<u>As Adjusted</u>	
	<u>Three months ended September 30, 2001</u>	<u>Nine months ended September 30, 2001</u>	<u>Three months ended September 30, 2001</u>	<u>Nine months ended September 30, 2001</u>
Effect on:				
Net loss	\$(2,561,798)	\$(7,576,765)	\$(959,904)	\$(2,919,004)
Loss per share, basic and diluted	\$(0.05)	\$(0.16)	\$(0.02)	\$(0.06)
Total assets		\$32,253,090		\$1,799,010
Stockholders' equity (deficit)		\$4,503,813		\$(1,629,862)

**3. CONTINGENCIES AND COMMITMENTS**

The Company leases office space from an entity affiliated with an officer and director of the Company for \$4,727 per month. The term of the lease is through December 2004. The Company also rents space for the pilot plant in Dayton, Ohio. This is a month-to-month rental.

The total approximate minimum rental commitments under noncancelable leases at September 30, 2001 are as follows:

<u>Years Ending December 31,</u>	
2001	\$ 14,520
2002	58,077
2003	58,077
2004	58,077
2005	<u>1,354</u>
Total	<u>\$190,105</u>

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **FORWARD-LOOKING STATEMENTS**

In addition to historical information, this Quarterly Report contains forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors That May Affect Future Results and Market Price of Stock". Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. The Company undertakes no obligation to revise or publicly release the results of any revision to those forward-looking statements. Readers should carefully review the risk factors described in other documents the Company files from time to time with the SEC, including its Annual Report on Form 10-KSB for the fiscal year ended December 31, 2000 and the Quarterly Reports on Form 10-QSB filed by the Company in fiscal year 2001.

### **RESULTS OF OPERATIONS**

Unlike prior years when the Company was classified as a development stage company, starting January 8, 2001 the Company commenced the management of PolyTek Rubber & Recycling, Inc. and is paid \$110,000 per month in management fees. This quarter reflects \$330,000 in management fees and the nine months had revenue of \$990,000.

The management fee earned has not been enough to cover the expenses incurred by the Company for the quarter or the nine months of 2001. Research and development expenses for the nine months were \$96,445 compared to \$89,174 for the same period in the year 2000. This is due to the plant starting up in 2000 and not being used in early 2000 whereas in 2001 the plant was utilized in the start of the year and stopped for the most part in may or June of this year. Expenses for the third quarter were at the 56% level of the third quarter of 2000. In 2000 the plant was operational and testing of the AMR product was under way. In 2001 however, the Company had placed the de-vulcanization work on a slower mode as efforts were being directed towards the crumb rubber business, which included the management of PolyTek.

General and administrative expenses for the nine months were approximately \$3.7 million compared to \$1.3 million for the same period of 2000. This variance is people related. The Company has built an administrative staff that is sized to handle a much larger operation and has very senior people in place. Many of these people have spent the first nine months managing the PolyTek operation. But the Company added three senior people in January 2001 to operate the newly formed asphalt rubber division and there were no revenues for that division in the nine months. Funding has not been secured to have the machinery made and move this division forward. Their wages and expenses approximated \$300,000. Total wages and benefits for the first nine months are approximately \$1.5 million. The Company also expensed \$300,000 relating to the acquisition of Rubber Recovery, Ltd. and Modified Asphalt Technologies, Inc. since there were no identifiable assets or operations acquired. Travel for the nine months was \$750,000 and included personnel working on the management of PolyTek, analysis of the plants and travel to examine other possible acquisition targets. This expense level

cannot continue unless another revenue stream is brought on that can absorb some of the corporate overhead. If not, the expenses will need to be reduced. As previously stated the Company has very senior people that can manage a much larger operation and have certain disciplines that may not be cost justified in the current arrangement. Management has had a difficult time in securing traditional funding for the expansion of the business as well as the ongoing operation due to the results of LandStar and PolyTek and also because of the general condition of the financing market. Financing is more difficult to come by with the failures of the dot com companies and the September 11 occurrences. Financial companies are assessing where they stand with certain portfolios and are not as active.

Depreciation and amortization reduced in the current quarter and the nine-month period due to the write-off of leasehold improvements in the prior year.

The translation adjustment relates to the currency change relating to the Canadian subsidiary.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The primary sources of liquidity during the first nine months of 2001 were through financing activities: primarily, issuance of stock and advances from a shareholder of the Company and owner of PolyTek. Funds were mainly utilized for working capital.

Management is finding difficulty on most financing fronts based on the Company's and PolyTek's past performance and the lack of any prior operations for Landstar. As discussed above the financial markets are not as active either. The Company will need to obtain significant funding to continue in operation.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

The Company, as well as PolyTek Rubber and Recycling, Inc., PolyTek Southwest, Inc., PolyTek Oklahoma, Inc. and Polytek Michigan, Inc., was sued by Specialty Loaders, Inc. Specialty Loaders is a trucking company that did hauling for PolyTek and their case contends they are entitled to recover the sum of \$723,962.20. The Company claims offsets of \$179,597.20 and credits for inaccurate billings of \$54,867.10. The Company is also investigating allegations by former employees of inflated billings and possible acts of collusion by former PolyTek officers. The case is not yet set for trial and the Company intends to defend this case vigorously.

PolyTek has filed a claim against Agencies International, Inc. Agencies International was paid \$314,627.43 in insurance premiums between August 1999 and September 2000 to bind insurance coverage with the Highlands Insurance Group. Coverage was never bound and PolyTek has filed claim for return of the premiums. Management believes PolyTek has a reasonable chance of prevailing on the merits of the case and also believes there is a reasonable chance to prevail on the motion before the court for relief from technical default on Agencies International's counterclaims.

The Company has other debtor/creditor lawsuits ongoing in the normal course of business. A number of these are likely to be settled or resolved as judgments against the Company, but the accumulation of which are not expected to have a material adverse effect on the day-to-day operations of the Company.

### **ITEM 2. CHANGES IN SECURITIES**

Not applicable.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

#### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

Set forth below is information concerning each matter submitted to a vote at the Annual Meeting of Shareholders on August 3, 2001.

Proposal No. 1: The shareholders elected each of the following persons as a director to hold office until the 2002 Annual Meeting of Shareholders or until earlier retirement, resignation or removal.

Director's Name	Votes For	Votes Withheld
Carl Buccellato	27,479,817	1,000
D. Elroy Fimrite	27,469,817	11,000
Dr. Ian Hadfield	27,479,817	1,000
Daniel N. McVicker	27,479,817	1,000
Philip Pimlott	27,479,817	1,000
Scott Randolph	27,469,817	11,000

Proposal No. 2: The shareholders ratified the amendment to the Company's Articles of Incorporation to increase the number of authorized shares of common stock and to authorize preferred stock (with 25,577,993 affirmative votes, 33,250 negative votes and 3,100 votes abstaining).

#### **ITEM 5. OTHER INFORMATION**

Not applicable.

#### **ITEM 6(a). EXHIBITS**

Not applicable.

#### **ITEM 6(b). REPORTS ON FORM 8-K**

The Company filed one Form 8-K on January 23, 2001, which announced the acquisition of PolyTek Rubber & Recycling, Inc. and the appointment of two senior executives.

#### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

Date: April 22, 2002

s/n/s D. Elroy Fimrite  
D. Elroy Fimrite - Chairman of the Board,  
President and Chief Executive Officer

s/n/s Michael F. Jones  
Michael F. Jones - Vice President and  
Chief Financial Officer